



Commentary

Published 22 July 2019

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Avoiding a Protracted Conflict in Libya

The continued violence between the two local forces competing for power, and their inability to cooperate has locked the conflict in a stalemate that sees no immediate end. In this excerpt from its Watch List 2019 - Second Update, Crisis Group urges the European Union and its member states to work towards an internationally-monitored ceasefire.

Since the outbreak of violence in Tripoli last April, the prospect of a negotiated settlement to end the competition for power in Libya has only grown more remote. The military offensive launched by the Libyan National Army (LNA), which is headed by Field Marshal Khalifa Haftar and based in the east, against forces allied with the UN-backed Government of National Accord (GNA) in Tripoli has thwarted UN-led efforts. Those had been aimed at forging a new power-sharing deal or charting a consensual roadmap to reunify critical Libyan state institutions, split between east and west since 2014. The pursuit of outright victory has displaced earlier strategies aimed at reconciling the two rival political and military authorities. For Haftar-led forces, success means capturing the capital, expelling armed groups opposed to the LNA, imposing transitional arrangements that would sideline Prime Minister Faiez Serraj's GNA, and gaining control of state funds held by the Central Bank of Libya. For the Tripoli-based government, winning entails pushing the besieging forces outside the boundaries of

western Libya and implementing a political roadmap that marginalises Haftar.

Diplomatic paralysis pervades this state of affairs. UN Security Council members are divided and unable to call for a cessation of hostilities, mostly owing to U.S. opposition to a draft resolution that would have done just that. The U.S. claims it resisted the draft resolution because it lacked a mechanism to ensure compliance, but its stance more likely reflected White House sympathy for Haftar and for his Saudi, Emirati and Egyptian supporters. More broadly, continued military support (in violation of a UN arms embargo) and funding for Haftar from Saudi Arabia, the United Arab Emirates (UAE), Egypt, France and Russia, and to pro-GNA forces by Turkey and Qatar, are fuelling both sides' willingness to continue the fight.

Much is at stake for Europe. A protracted conflict in Libya would further destabilise its southern neighbourhood with direct economic and security ramifications, and would continue undermining EU cohesion in dealing with migration. Against the backdrop of UN Security Council paralysis, however, the EU and its member states likely have little leverage to stop the war, especially as European capitals are divided between those that betray a bias toward either Haftar (as in Paris) or the GNA (as in Rome). Still, the EU and member states could and should contribute to de-escalating tensions in the following ways:

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- Urge governing authorities in Tripoli and eastern Libya to reconsider their uncompromising positions and nudge them toward

agreement on an internationally-monitored ceasefire, followed by negotiations for new political, military and financial arrangements under UN aegis and with EU technical and financial support;

- Through joint or concerted high-level diplomatic missions representing all EU member states, or by tasking the EU foreign policy chief Mogherini to represent a common EU position, persuade Abu Dhabi, Riyadh and Cairo to recognise that a prolonged LNA offensive is unlikely to produce the swift or “clean” victory that would stabilise Libya and that their interests are better served at the negotiating table. They should similarly seek Ankara’s and Doha’s cooperation in persuading the GNA to sit with the LNA;
- Seek to persuade President Donald Trump’s advisers, who themselves appear somewhat divided, to adopt a more even-handed approach toward the Libyan conflict by calling for a cessation of hostilities, including through the UN Security Council;
- If and when a ceasefire is in place, support an economic dialogue to reconcile the Central Bank of Libya’s two separate administrations and address financial grievances that deepen the conflict, thus paving the way for a military de-escalation and a return to talks.

Tanks and Banks

After three months of war, more than 1,000 battlefield deaths and 100,000 displaced civilians, neither Haftar nor Serraj is near victory. Tripoli government forces scored a tactical win in late June when their fighters expelled Haftar’s forces from Ghariyan, a town 80km south of the capital. But in Tripoli’s southern suburbs, where front lines might shift daily, rival forces have been locked in a stalemate for the past three months and airstrikes from both sides continue. Despite this, and the casualty toll, neither side shows appetite to accept a ceasefire, as both view the conflict as existential and believe they can prevail on the battlefield. This

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means the deadly war around Tripoli likely will drag on and this, in turn, could bring additional military support from both sides’ external backers, triggering new fighting and likely further stalemate, but with even greater destruction.

The fighting around Tripoli is unlikely to end without greater regional support for a ceasefire. Libya’s institutional fractures, which have become conflict lines, and the existential narratives embraced by both sides reflect deeper geopolitical divides through the Middle East and North Africa. Haftar receives support from the UAE, Saudi Arabia and Egypt, who argue he is the only Libyan leader who can rein in Islamists of all stripes, whether the Muslim Brotherhood, jihadists or Qatari and Turkish-backed GNA-aligned militias in Tripoli, all of whom they view as a single undifferentiated enemy. The support offered to Haftar by his regional backers, like that offered to the GNA by its own Qatari and Turkish defenders, reveals the depth of the schism and the significance of this dividing line in regional politics. Tacit U.S. support for this worldview (dictated more by White House priorities elsewhere in the region than by a concrete U.S. vision for Libya), and the push to reshape the regional order espoused by the Emirati, Saudi and Egyptian axis, has also deepened Libya’s internal divides.

While international rifts and competing regional ambitions remain an overarching conflict driver, locally, interlocking competing narratives of political and military legitimacy, a battle for power, tribal rifts and recriminations, and a deeply polarised media are making the war even more intractable. But another important, often overlooked, conflict driver is competition over oil revenues, specifically management of and access to state funds, held by the Central Bank of Libya. Since 2014, the Central Bank has been divided into two rival administrations reflecting the country’s broader

institutional divides: the internationally-recognised headquarters in Tripoli and the Benghazi branch, which operates as the central bank but is loyal to the east-based government and parliament. The Benghazi branch, which funds Haftar, has no access to the country's oil revenues, which have accrued to the Central Bank in Tripoli. Instead, eastern authorities have funded themselves – illegitimately, in Tripoli's eyes – by issuing almost \$30 billion in promissory notes processed by east-based commercial banks. But this parallel funding scheme has strained the banks, which began to show signs of stress just as Haftar launched his offensive in April.

De-escalating the Libyan conflict necessitates resolving this longstanding financial dispute and the immediate banking problems it poses. Failure to mend the financial rift could prompt the Haftar-backed government to pursue independent oil sales, which would ultimately deepen the split between the duelling authorities in east and west.

Zero-Sum Logic and Muddled Roadmaps

Although neither side is likely to win on the battlefield, the LNA and GNA-aligned forces, both captive to zero-sum logic, have rejected calls for a ceasefire and resuming talks. Instead, they propose conflicting political roadmaps that exclude their opponents from future negotiations. Haftar repeatedly declared that the assault on Tripoli will proceed and that, once it succeeds, he will impose a new transitional government. This would entail dismantling the governing bodies created by the 2015 UN-backed Skheirat agreement, disbanding his opponent's militias, forming a constitutional committee and holding a referendum on a draft constitution, followed by elections. In this,

“[The EU and member states] should support UN efforts to forge an agreement on the management of Libya's finances.”

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For his part, Serraj has publicly refused talks with Haftar. Apparently convinced that pro-GNA forces were close to military victory, he announced his own roadmap in June, from which he specifically excluded Haftar. Serraj's plan consists of holding a nominally inclusive National Conference under UN aegis that would appoint a judicial committee to draft a new election law. In an attempt to bring east-based leaders to his side, he made vague promises about economic decentralisation and fairer resource distribution.

In principle, Serraj's proposal hits all the points favoured by his Western interlocutors (inclusivity, decentralisation, elections and a UN umbrella), and for this reason it received endorsement from the UN, EU and some member states. However, he – like Haftar – has a distorted assessment of the power balance on the ground, overestimating his own strength and underestimating his adversary's. This translates into an unrealistic belief that either side can implement its own roadmap without first reaching a settlement with the other.

Recommendations for the EU and Its Member States

The EU and member states should urge parties on both sides of the conflict to move away from their rhetoric of imminent triumph and toward more pragmatic positions that would open space for a possible de-escalation, an internationally-monitored ceasefire and resuming political and security sector talks, in the first instance to create new security arrangements in the capital. Through joint or concerted high-level diplomatic missions representing all EU member states or by tasking the HR/VP Mogherini to represent a common EU position, they should emphasise to decision-makers in Abu Dhabi, Riyadh, and Cairo that a prolonged LNA offensive is unlikely to produce a swift or “clean” victory that would stabilise Libya, and dissuade them from playing out their regional rivalries on the outskirts of Tripoli.

Instead, given the stalemate and the fact that prospects of a quick LNA victory have faded, they should argue that those countries' best interests lie in convincing Haftar to agree to a ceasefire and support UN-led talks for a political and military settlement. They should underscore that continued airstrikes in the capital are alienating public support for the LNA's cause while also empowering the very armed groups that Haftar's offensive was meant to drive out of Tripoli. Likewise, they should press the GNA's backers to refrain from supporting a counteroffensive by Tripoli-based forces that would pursue LNA forces beyond Tripoli's environs eastward or to LNA-controlled oil installations. They should seek Ankara's and Doha's cooperation in persuading the GNA to sit with the LNA at the negotiating table.

A ceasefire would allow all sides, and their foreign backers, to work together on new security arrangements in the capital, the shortcomings of which were one of the original triggers of the conflict. In particular, the two sides need to agree on the role of armed groups, namely which ones continue to operate or demobilise, and decide who will secure what areas.

The EU and member states should also press the Trump administration – which at times has appeared inconsistent and divided between the White House on the one hand, and the State Department and Pentagon on the other – for clearer and more even-handed U.S. policy toward Libya. This should include U.S. support for a UN Security Council resolution calling for a cessation of hostilities. To this end, the EU should seek to persuade the White House that a protracted conflict in and around Tripoli will not unify Libya under one ruler, but will rather fragment and destabilise it further. Such ongoing fighting may well undermine U.S. anti-terrorism objectives: prolonged conflict

almost certainly will strengthen armed groups, including those linked to radical Islamist organisations such as al-Qaeda and ISIS, whose affiliates have started operating with impunity in southern Libya since the outbreak of hostilities in April.

European diplomats also should press Washington to reject demands made by pro-LNA emissaries aimed at lifting or circumventing UN-imposed restrictions over Libya's crude oil exports. For this purpose, they should convey the message to the U.S. administration, in particular the White House, that authorising independent oil sales to eastern authorities could, in the short run, give the upper hand to Haftar forces but poses the graver, long-term risk of consolidating the split between western and eastern authorities.

Finally, the EU and member states ought to intensify efforts to help reunify the rival Central Banks and offer technical advice on how to avert a looming banking crisis; likewise, as Crisis Group previously advocated, they should support UN efforts to forge an agreement on the management of Libya's finances. They should step in to promote a financial and economic dialogue between rival branches of the Central Bank, especially at a time when the U.S. (which traditionally has led initiatives regarding Libya's financial sector) has become far less active diplomatically. Failing to manage this dispute will only prolong the war and compound Libya's post-2011 humanitarian emergency.

This commentary is part of our Watch List 2019 – Second Update.